

## Mapping Performance Budgeting Practices in Local Governments

Pieter BLEYEN<sup>1</sup>  
Stijn LOMBAERT<sup>2</sup>  
Geert BOUCKAERT<sup>3</sup>

*Full paper for the 2014 EGPA Annual Conference (Speyer, Germany, 10-12 September 2014)*  
*Permanent Study Group II: Performance in the Public Sector*

---

### Introduction

In search for efficiency, effectiveness and fiscal sustainability, governments gather more performance information (PI) than ever before. As many of them have sought to incorporate and use this kind of information in budgeting, planning and accountability processes (Curristine & Flynn, 2013), the focus of this paper is on how to map performance budgeting (PB) practices in local governments. Our main question is whether it is possible to derive a Performance Budgeting DNA for local governments. Previous mapping endeavors reveal that measuring (local) PB necessitates a diversified mapping instrument. In order to comply to this recommendation, the OECD Performance Budgeting Survey for central governments (OECD, 2009; 2013), the scale ‘elements of performance budgeting’ applied to Flemish municipalities (Weets, 2012) and the mapping instrument of Demeulenaere et al (2013) applied to Flemish and Italian municipalities are the three sources that have served as preliminary guidelines to construct a refined PB mapping instrument leading to a general index for local governments in which each participating local government is attributed a weighted score, and that enables international comparison. This paper first provides in a brief literature review and some background and clarification on the recent PB reforms in our units of analysis - the Flemish local governments. Subsequently, the three mentioned efforts to map PB practices are highlighted. After explaining data collection methods and the operationalization of the applied methodology, the results of the Performance Budgeting Index are presented and main conclusions are drawn.

Summarized, the index was put to the test by a survey conducted in the Flemish municipalities, public centres of social welfare (PCSW's) and provinces. Analysis of 304 participating cases shows a large variation in the way PI is measured, incorporated and used in these governments, with varying global scores on PB practices from less than 2% to more than 76% with an average score of 37%. Furthermore, the meaning and understanding of this variation is strengthened by extending the index scores with secondary – more objective – data on the extent in which financial and non-financial PI are connected. Applied to the same 304 cases, this secondary data shows that on average 50% of the allocated budget is motivated by some kind of policy or PI. Although a lot of exceptions exist, local governments with higher index scores tend to motivate larger amounts of their budgets.

---

<sup>1</sup> KU Leuven – Public Governance Institute - Belgium (<http://www.publicgov.eu>). E-mail: Pieter.bleyen@soc.kuleuven.be. Tel: +32(0)16323616. PhD candidate affiliated to the KU Leuven PhD School of Social Sciences.

<sup>2</sup> KU Leuven – Public Governance Institute – Belgium. E-mail: Stijn.lombaert@soc.kuleuven.be. Tel: +32(0) 50403485. External PhD Candidate, voluntary affiliated to the KU Leuven Public Governance Institute and the PhD School of Social Sciences.

<sup>3</sup> KU Leuven – Public Governance Institute – Belgium. E-mail: Geert.bouckaert@soc.kuleuven.be.

## Literature review

The focus in public management is shifting from an input orientation towards a more output and result oriented type of management. Among other innovations and reforms, PB has been introduced in many OECD countries trying to integrate PI into the budgeting process, in order to implement new or adjusted procedures in the direction of activity-based, output or outcome budget classifications (Curristine & Flynn, 2013). As such, traditional budgets are evolving into budgets with strategic policy objectives to which resources are linked (Curristine, 2005). *“The current wave of performance reforms began more than 25 years ago with the advent of ‘new public management’”* (Curristine & Flynn, 2013:226), and was initiated by the need *“to improve the quality of public services by better allocating resources consistent with political and social goals, improving the efficiency, economy and effectiveness in their use, and increasing accountability”* (Aritzi et al, 2010:15). Allen et al (2013:2) argue that this need is still present today by stating that the global financial and economic crisis more than ever *“highlights the importance of governments to develop strong systems for managing their finances”*. As a consequence, several connections have been established between PI and financial information. PB especially fits the ambition of New Public Financial Management, a label characterized by changes to financial reporting systems, development of a performance measurement approach and delegation of budgets (Guthrie et al, 1999).

There is no single model nor definition of performance budgeting. In its broadest sense this type of budgeting is about the inclusion and use of PI in budget preparation and decision making (Curristine & Flynn, 2013). Based on a selection of definition in the literature, the OECD discerns three types of PB, namely presentational, performance informed and direct or formula performance budgeting (OECD, 2007). Unlike presentational budgeting, a more direct type of PB contains a stronger link between financial and non-financial information which enables the actual allocation of resources based on non-financial information. When executing performance informed and direct PB, performance results defining the allocation becomes more important than the mere incorporation of performance targets. Also the purpose is changing: from accountability in presentational budgets towards planning, allocation and accountability in formula performance budgeting.

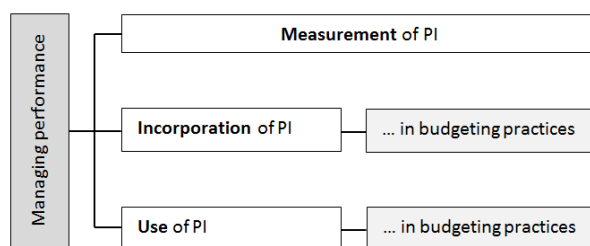
As *“financial management is now closely related to performance management [...] to provide far more information for decision-makers about the short- and long-term consequences of budgetary decisions”* (Hughes, 2012:250), PB needs to be embedded in the broader framework of performance (information) and performance management systems (Van Garsse & Windey, 2006). Aritzi et al (2010:15-16) distinguishes two dimensions in the concept of performance: *“as a general headline [...] it is used to indicate that there is an expectation that managers or agencies should achieve certain standards or norms, and that management improvements will be directed towards that end. As a measure, the term can refer to anything beyond solely inputs – whether it is in fact classifiable as outputs or outcomes, or even managerial arrangements and processes”*. In its turn, is the result of defining organizational objectives, specifying targets and performance measures and taking action to influence achievements against objectives and targets (i.a. Boyne, 2010; Jennings & Haist, 2004; Rainey & Ryu, 2004). Performance management or managing-for-results is about *“the use of formal performance information to improve public sector performance”* (Robinson, 2007:3). According to Bouckaert and Halligan (2008), managing performance includes three dimension: measurement, incorporation and use of PI. These three dimensions form *“a logical sequence of collecting data, integration of data into the management systems and, finally, putting information at work”* (Van

Dooren, Bouckaert & Halligan, 2010:6). Moreover the authors discern five ideal types within these three dimensions, namely (0) pre performance, (I) performance administration, (II) management of performances, (III) performance management and (IV) performance governance (Table 1). “A horizontal reading provides the difference in degree (quantity) or substance (quality) of a dimension or components. There are shifts from internal to external, from mechanistic to dynamic, from non-existing or disconnected to integrated. These changes could be interpreted as analytically more complex, and sometimes there is an implicit growth scenario, which suggests that a chronological rationality is operating” (Bouckaert & Halligan, 2008:220).

	TRADITIONAL (0)	IDEAL TYPE (I)	IDEAL TYPE (II)	IDEAL TYPE (III)	IDEAL TYPE (IV)
	Pre-Performance	Performance Administration	Managements of Performances	Performance Management	Performance Governance
MEASURE	Intuitive, subjective	Administrative data registration, objective, mostly input and process	Specialised performance measurement systems	Hierarchical performance measurement systems	Consolidated performance measurement system
INCORPORATE	None	Some	Within different systems for specific management functions	Systematically internal integration	Systematically internal and external integration
USE	None	Limited: reporting, internal, single loop	Disconnected	Coherent, comprehensive, consistent	Societal use
LIMITATIONS	Functional unawareness	Ad hoc, selective, rule based	Incoherence	Complex, perhaps not sustainable as a stable system	Uncontrollable, unmanageable

**Table 1. Ideal types and dimensions of managing performance (Bouckaert & Halligan, 2008).**

As “performance budgeting should be seen as a distinct element within the broader picture (of performance management), the defining characteristics of which is that it is concerned with the budgetary use of performance information” (Robinson, 2007:3), the dimensions and ideal types of Bouckaert and Halligan (2008) can equally be transposed as dimensions of PB (Demeulenaere et al, 2013). Figure 1 visualizes how PB fits in with this broader framework of managing performance.



**Figure 1. PI integrated in the budget (Bouckaert & Halligan, 2008; Demeulenaere et al, 2013).**

The measurement of performance is the keystone for an overarching system of managing performance, as it is about “observing and registering performance-related issues for some performance purpose” (Van Dooren et al, 2010:6). Neely (2005) states that performance measurement is a process that quantifies efficiency and effectiveness of governmental actions. Ideally effects, performances or at least processes are measured in combination with productivity, economy, efficiency and effectiveness measures (De Peuter et al, 2007). The complexity and immeasurability of some policy objectives – because of intermediate factors and actors within and outside the organization – however make it often impossible and even undesirable to measure their net policy

effect (Mintzberg, 1994; Deming, 1994; Perrin, 2001; Van Dooren et al, 2010; Padovani & Young, 2012). In addition, the functionality of performance determines what will be measured: measures for internal steering and control are foremost performance oriented, whereas measures intended to improve policy planning and accountability will be effect oriented. Moreover, performance measures intended for strategic planning will be less precise than those intended for management purposes or internal steering and control. (De Peuter, 2011; Padovani & Young, 2012).

Because measuring PI is a necessary but not sufficient step in managing performance, incorporation will take place across the organization or in specific areas such as the policy, financial and contract cycle, but also in human resources management and other areas because *“much of the managing-for-results package is not concerned with budgeting at all”* (Robinson, 2007:3). The incorporation of PI in the budget process mainly refers to the manner in which the information is included in the budget and the connection that is established between performance and financial information. Incorporation of PI means *“ensuring that there is a process in place for such information to be integrated into the budget process”* (Curristine, 2007:129). Although a fit-for-purpose infrastructure is needed, incorporation procedures do not ensure use of PI – having procedures in place does not guarantee use and how it has been instituted varies from country to country (Curristine, 2007) – but at least incorporation leads to more incorporation capacity and creates the potential use of performance data by aiming to influence organizational discourse, culture and memory (Van Dooren et al, 2010).

Then again, this incorporation capacity will not be sufficient to ensure the use of PI: for example *“the extensive increase in volume of performance information available to OECD governments has not been matched corresponding increase in use”* (Curristine, 2007:129). This usage gap can be explained by a lot of explanatory factor like quality, relevance and credibility of the data; institutional capacity; the institutional setting; the political and economic context; technical complexity; a behavioral change that leads to a performance culture, etc. (Ter Bogt & Van Helden, 2000; Curristine, 2007; Van Dooren et al, 2010; Weets, 2012; Liguori, 2012). Authors pertinently point out that measuring performance will only be justified if this data is used: *“it only becomes valuable when it is followed by management action”* (Bouckaert & Van Dooren, 2009:156). The use of PI – across the organization and between organizations – is multifaceted (a.i. Van Dooren, 2006; Hatry, 2008; Behn, 2003; Vakkuri & Meklin, 2006; Van Dooren et al, 2010), and this is also true in the context of PB. Behn (2003) discerns different categories of use: evaluation practices; internal control; budgeting and allocation of resources; motivation; promotion and celebration of success and learning and improving. Van Dooren et al (2010:7) conclude by warning that *“using also suggests abusing and misusing and therefore there is a legitimate concern for increasing potential value added and for reducing possible dysfunctions (gaming), and to equilibrate costs and benefits”*.

To conclude this overview of literature, several authors doubt the impact of financial management reforms in general and the impact of PB on budgetary decisions specifically: *“there is a considerable skepticism today about the virtues of using market-based principles in guiding public financial management reforms and in adopting the private sector business paradigm as a guide for designing and building public sector organizations”* (Allen et al, 2013:5). With respect to PB, reasons are manifold: politicians would prefer informal non-performance information and lack the expertise to use PI; rather than use the information for steering and control, they would use it for accountability purposes and the rationale of PB practices would not be compatible with the complex political process of budgetary decision making (a.i. Ter Bogt, 2004; Reichard, 2010; Ho, 2010). On top of this,

governmental actions are quite often difficult to measure (cf. supra). Ho (2010) is more positive and concludes that the success of PB largely depends on leadership, organizational capacity and stakeholders involvement (Demeulenaere et al, 2013).

### ***Why Flemish local governments? Institutional setting***

In 2010, the Flemish regional government approved the Order regarding the implementation of the Policy and Management Cycle (PMC-Order) in the 308 Flemish municipalities (ranging from 5000 to 500.000 inhabitants), 308 PCSW's (each municipality counts one PCSW) and five Flemish provinces. These provinces execute a limited set of territory-based competences<sup>4</sup>, serve as an intermediate governing level between the Flemish government and the local governments and group municipalities. This PMC-Order, which has been operationalized in all 621 governments since the beginning of 2014, aims to turn traditional practices of input-based budgeting into performance based budgeting by providing a key element to a successful result-oriented management: budgeting rules and procedures that enable an adequate integration of financial and non-financial information. Long term strategic and policy planning for the duration of the legislative period became one of the basic principles together with the linkage of policy intentions to the available financial leeway. Strategic long term plans replaced the annual budget as the starting point of the municipal policy and management cycle<sup>5</sup>: *"The mere enumeration of estimated revenues and expenditure needs to be replaced for overall strategic multi-annual planning in which the focus is moved from allocated resources to municipal policy goals"*.<sup>6</sup>

Although not obligatory, the Flemish local governments are encouraged to include policy intentions in the strategic notes of their multi-annual plans. In practice, the PMC-Order stipulates that policy objectives and underlying action plans and actions can be formulated in the strategic note (long term) and the policy note (short term).<sup>7</sup> Each policy objective ideally should demonstrate (1) the targets that must be accomplished, (2) the undertakings in order to accomplish these targets and (3) the budgetary implications of these targets.<sup>8</sup> Further, a twofold division is made between priority policy objectives and other policy objectives. Only priority objectives need to be submitted explicitly to the municipal council, the other objectives are subject to internal monitoring. Technically, resources must be allocated at the level of the municipal actions. Regarding policy execution and evaluation, a new accounting system was proposed to integrate both accrual and budgetary accounting procedures based on double-entry bookkeeping. PMC-Order also obliges the submission of quarterly financial reports to the Flemish governments. Ideally, municipalities also implement procedures of internal interim financial and policy reporting. In the annual account, local governments must at least evaluate to what extent priority policy objectives are achieved.

With respect to PI in the (multi-) annual budgets, the PMC-Order also pays attention to performance measures: *"wherever possible and useful results and effects must be made measurable in order to formulate policy goals correctly (planning phase), to introduce transparency with regard to the intended results during policy execution (implementation phase) and to evaluate the extent to which*

<sup>4</sup> This is recently decided as part of the new Flemish coalition agreement. Until now, provinces were also involved in personal matters.

<sup>5</sup> Flemish Government, Explanatory Memorandum added to the Municipal Decree, *Flemish Parliament* 2004-2005, n. 347/1.

<sup>6</sup> Circular BB 2013/4. Strategic multi-annual planning (multi-annual plan 2014-2019) and budgeting (budget 2014) according to the policy and management cycle, 30 April 2013, 25834.

<sup>7</sup> Art. 6, PMC-Order.

<sup>8</sup> Report to the Flemish Government added by the PMC-Order, 10/0705/0382.



policy goals actually are achieved" (evaluation phase).<sup>9</sup> Figure 2 offers a visualization of the renewed policy and management cycle in the Flemish local governments.

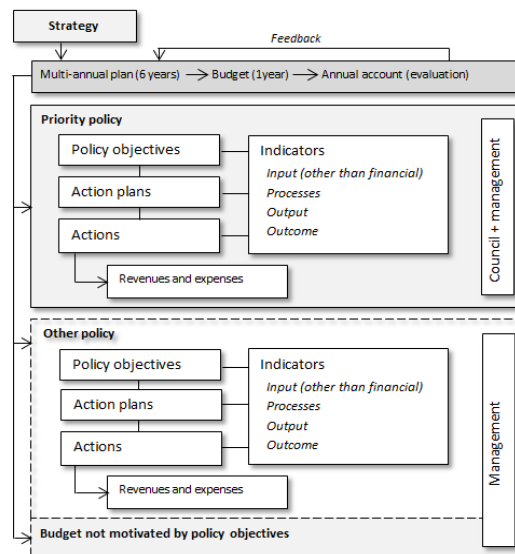


Figure 2. The policy and management cycle in the Flemish municipalities.

Although some substantive rules were already included in the Municipal, PCSW and Province Decree (2007-2009)<sup>10</sup>, they were only systematically introduced in all 308 municipalities after the implementation of the PMC-Order, particularly between 2011 and 2014.<sup>11</sup> In the meantime (2007-2010), some local governments already started with the implementation of these substantive rules by drawing up an interim long term 'general policy program' and an annual policy note.<sup>12</sup> In these annual policy notes old budget classifications were combined with policy content structured according to the substantive guidelines of the Decree. Nevertheless, a survey performed in 2008 shows that not all municipalities were equally enthusiastic to implement these guidelines, as 28% of the inquired municipalities did not appear to have added policy objectives in their annual policy note (Weets, 2012). From 2011 onwards, several local governments engaged in a PMC-pilot project.<sup>13</sup> Nevertheless survey findings of 2013 indicate that still more than 37% of the local governments did not manage to add policy objectives to the budget (Bleyen & Bouckaert, 2014). The obliged operationalization of the PMC-Order in 2014 turned the tide: more than 98% of the Flemish local governments have now added policy objectives to their multi-annual plans and budgets.<sup>14</sup>

### Mapping PB practices

Today, only a few attempts are made to map PB practices in public sector, of which three get special attention in this paper. Since 2003, the OECD performs the *Budget Practices and Procedures Survey* every four years. Although this survey aims at the central government level for practical reasons, the

<sup>9</sup> Art. 13 & 18 PMC-Order; Report to the Flemish Government added by the PMC-Order, 10/0705/0382.

<sup>10</sup> For each type of government, a separate Decree was approved, but all decrees contain similar provisions.

<sup>11</sup> Circular ABB 2006/19 of 1 December 2006 on the Order of the Flemish Government of 24 November 2006 on the introduction of some provisions of the Municipal Decree of 15 July 2005 and on the implementation of art. 160 and 179 of the Municipal Decree of 15 July 2005, 10 January 2007, 901-918.

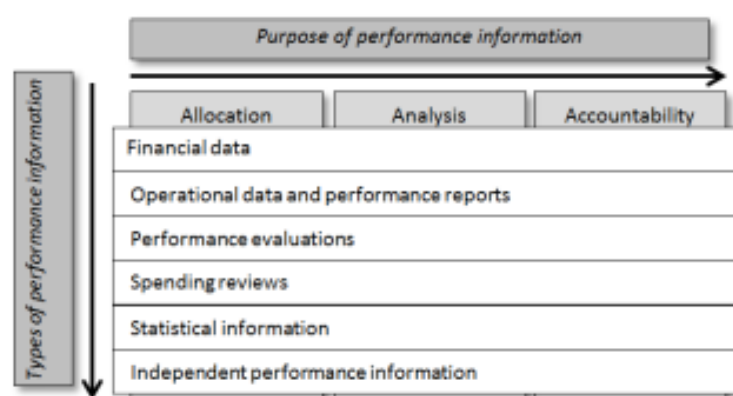
<sup>12</sup> Circular BB 2007/07. Instructions on the preparation of budgets and multi annual plans of 2008 in municipalities and PCSW's, 28 August 2007, 44690; Art. 242bis, New Municipal Code.

<sup>13</sup> 2011: 12 municipalities, 8 PCSW's; 2012: 22 municipalities, 19 PCSW's, 1 province; 2013: 85 municipalities, 77 PCSW's, 1 province.

<sup>14</sup> This figure was calculated by means of the database digital reporting of the Flemish government.

survey is especially interesting because of its section on PB in which questions on the existence and use of PI in the budgeting process are posed. A separate Performance Budgeting Survey is carried out since 2007 (OECD, 2009; 2013) which permits to derive a Performance Budgeting Indicator. A high score on this indicator implies that governments have developed a broad framework for the development of PI, that there is a high integration of PI in budgeting and accounting, that PI is used in the decision process and reporting and that performance results are monitored and reported (OECD, 2011) (see the resemblance with the distinction Bouckaert and Halligan (2008) make between measurement, incorporation and use of PI). The OECD refers to PB as *“use of performance information to (1) inform budget decisions (whether as a direct input to budget allocation decisions or as contextual information and/or inputs to budget planning), as well as (2) instil greater transparency and accountability throughout the budget process (by providing information to the public on performance objectives and results)”* (OECD, 2011:13).

The underlying conceptual framework (Figure 3) is based on two dimensions. First, the following types of PI (vertical arrow) can be discerned: financial data (i.e. monthly, quarterly, or annual financial accounts), operational data and performance reports (i.e. annual reports with operational data or business cases, performance plans or strategic plans), performance evaluations (evaluations of a specific program or policy conducted by government), spending reviews (reviews commissioned and led by the government with the explicit purpose of identifying possible expenditure cuts and making recommendations regarding the re-allocation of resources), statistical information (i.e. produced by government or non-government actors) and independent or external PI (on a government policy, program organization generated by arm’s length institutions, non-governmental organizations or the private sector) (OECD, 2011: 6-7). Second, three relevant objectives are discerned: (1) inform decision making regarding the allocation and reallocation of resources, (2) use for management purposes or input to policy-making (planning, strategy setting, budget formulation, defining performance objectives, monitoring, etc.) and (3) increase accountability (OECD, 2011).



**Figure 3. Conceptual framework underlying the OECD Performance Budgeting Indicator.**

Figure 4 provides an overview of the results of the Performance Budgeting Indicator of 2007 and 2011 (OECD, 2009; OECD 2013). For example, the indicator shows that the Belgian federal government – if compared to other countries – performed quite poor in 2007 with a score of 9%. In 2011, it seems that Belgium has improved considerably (26%), but the federal government still cannot compete with the average OECD-score of 38%. Compared to 2007, this average score decreased by 2% due to the

growing number of participating countries. Besides the significant lower scores of countries like Australia, Finland and the US, the increased scores of Swiss, Mexico and also Belgium are striking. Based on the latest indicator scores, the Belgian federal government scores even better than the Flemish regional government. This Flemish government benchmarked itself applying the same questionnaire and scoring instrument and scored 20% in 2012 (17% in 2011).

A more detailed look at the indicator score of Belgium reveals for instance that a standardized PB framework for the central government does not exist. Line ministries and agencies have their own PB framework. Unlike operational data and performance reports (usually), spending reviews (usually), statistical information (rarely), independent PI (occasionally) and performance evaluations (usually), only financial data is always used in negotiations with the central budget authority. Further, the intensified monitoring of the organization and/or programme is the most common consequence for poor performance. Making public the organizational or programme's poor performance (occasionally) or budget decreases (rarely) is less common (OECD, 2013).

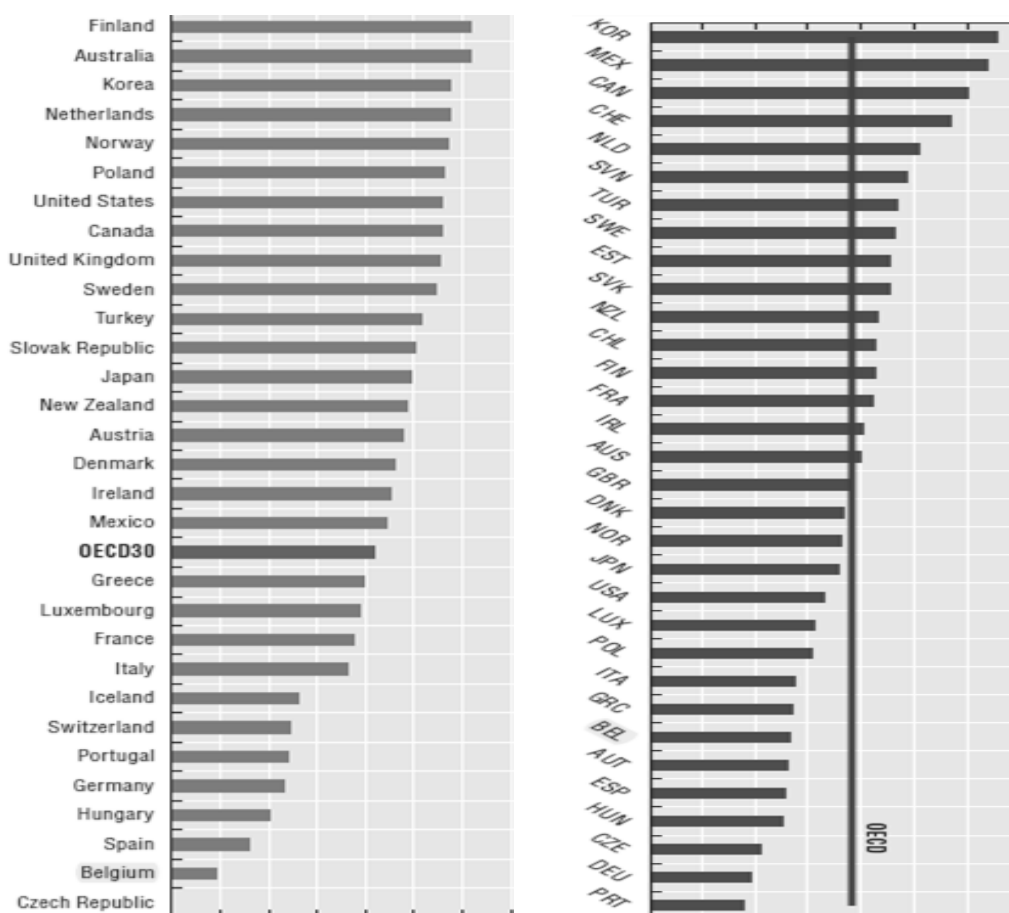


Figure 4. Indicator scores of the OECD-countries in 2007 (left) and 2011 (right) (OECD, 2007; 2011).

A first attempt to map PB practices of the Flemish local governments was made by Weets (2012), who constructed a scale 'elements of performance budgeting' and applied it to the Flemish municipalities (2008). Unlike the OECD Performance Budgeting Survey, this scale lacks the distinction between existence/incorporation and use of PI. More specifically, the scale 'elements of performance budgeting' only maps the incorporation of PI in a limited way. A high score on PB implies that policy



objectives are linked to a high degree to the budget. Despite this, the results of the scale provide first insights into the practice of PB in the Flemish municipalities and the variation that exists (Table 2). 28% of the municipalities did not include any policy information into the budget, while only 18% of the municipalities indicated that policy objectives are to a high degree linked to the budget.

Score	Phase	%
0	No policy note	12
1	Policy note without policy objectives	16
2	Policy note with policy objectives, not linked to the budget	8
3	Policy note with policy objectives, to a limited degree linked to the budget	24
4	Policy note with policy objectives, to some degree linked to the budget	21
5	Policy note with policy objectives, to a high degree linked to the budget	18

**Table 2. Scale ‘elements of performance budgeting’ (Weets, 2012).**

In another attempt to map PB in Flemish (and Italian) local governments, Demeulenaere et al (2013) transformed the OECD Performance Budgeting Survey in order to use this amended instrument to interview two Flemish of two Italian municipalities and ultimately to apply their instrument to a large international scale. Unlike Weets (2012) and in line with the OECD Performance Budgeting Survey, Demeulenaere et al (2013) have restructured the scores according to the dimensions measurement, incorporation and use of PI for budgeting in order to map these practices in a more complete and varied way. The authors also discerned a fourth dimension – variables concerning the PB cycle – to allocate information that refers to the three dimensions. The average score is 48% (Table 3), but both Italian municipalities obtained a higher score than their Flemish counterparts. On average, incorporation of PI was developed to the highest extent (61%), while the scores on the use of PI are low (36%). Demeulenaere et al (2013) conclude that the higher scores of the Italian municipalities are caused by a more demanding regulatory framework.

Dimension (%)	I2	I3	B1	B3	Mean
Performance budgeting cycle (5 questions)	43	77	57	41	55%
Measuring PI (7 questions))	44	70	45	11	43%
Incorporating PI (3 questions)	68	92	51	32	61%
Using PI (6 questions)	38	54	20	31	36%
Performance budgeting	48	73	43	29	48%

**Table 3. Mapping performance budgeting (Demeulenaere et al, 2013).**

Of course, also other authors – mainly in the U.S. – have mapped measurement and/or incorporation and use of PI in the budgeting process of local governments (e.g. Cope, 1987; Berman & Wang, 2000; Wang, 2002; Melkers & Willoughby, 2005; Poister & Streib, 2005; Rivenbarck & Kelly, 2006; Ho, 2010). For instance, Poister & Streib (2005) point out that 88% of the U.S. local governments (population over 25.000 and involved in strategic planning) indicated the existence of a connection between the strategic plan and the budget, but only in 48% of these cases this PI played an important role when resources are allocated. Based on a survey conducted in 2002, Rivenbarck and Kelly (2006) found out that most of the U.S. municipalities have adopted a performance measurement system. With respect to incorporation of PI, 76% of the local governments still relied on traditional line-item format budgets while only 4% used exclusively a performance format. Performance measures are rarely determinate

to evaluate budget requests, but it is used in budget deliberations. Nevertheless the authors conclude that U.S. municipal governments are building capacity for PB. Ho's (2010) conclusions are less optimistic, as he diagnosed that only 37% of smaller cities and 8% of smaller counties (populations between 10.000 and 500.000) have adopted PB practices, even less have included PI in discussions of policy priorities or have been tracking performance over time and reporting performance targets.

### ***The 2013 Performance Budgeting Survey and Database Digital Reporting***

Two data sources were used to construct our Performance Budgeting Index. First, a survey questionnaire on PB practices was mailed to the whole population of 308 municipalities, 308 PCSW's and 5 provinces in the aftermath of 2013. In the context of the research project 'Implementation of the policy and management cycle in local government' of the Policy Research Centre on Governmental Organization – Decisive Governance, the questionnaire was originally sent to all secretaries and treasurers. The response rates in Table 4 reveal that 48,4% of the municipal treasurers (N=149), 48,7% of the PCSW treasurers (N=150) and four out of five provincial treasurers responded to the survey.<sup>15</sup> Because only 30,8% of the municipal secretaries participated in the survey, this type of respondents was kept out of the first analysis. To maximize these response rates, two recalls by e-mail and a third recall by phone were performed. Further, the research design was presented at several regional and local conferences and forums, also some umbrella associations and the Flemish government promoted the survey. The timing may be a possible explanation for the generated response rates, as several respondents signaled that priority was given to the realization of the first multi-annual and annual budgets in line with the stipulations of the PMC-Order (cf. supra). An evaluation of the representativeness<sup>16</sup> indicates that the dataset is representative for both organizational size (number of inhabitants) and province. Furthermore, the data is also representative with respect to the year in which the PMC-Order is implemented (cf. pilots) and the socio-economic profile (Dessoy, 2007).

Municipalities	PCSW's	Provinces
48,4%	48,7%	80%

**Table 4. Response rate figures.**

Secondary, data from the newly launched database digital reporting of the Flemish government<sup>17</sup> is used to gather data on the extent in which financial and non-financial PI is connected. This database contains data of the multi annual and annual budgets of all 308 municipalities, 308 PCSW's, five provinces and other existing decentralized local agencies and bodies, as these bodies all were obliged to send these reports digitally to the Flemish Government. Although the analysis of this database revealed some inconsistencies – the extracted data is not usable without modifications - it turned out to be a fruitful source of information.

<sup>15</sup> Because there are only five provinces, the score of one chief executive (equivalent of a secretary in municipalities and PCSW's is used to overcome this missing value.

<sup>16</sup> Logically this evaluation was only needed to assess the quality of the municipal and PCSW response rates.

<sup>17</sup> Ministerial Order concerning digital reporting on data of the policy and management cycle of municipalities, provinces and PVSWS (19/07/2013).

## ***Development of a Performance Budgeting Survey for Local Governments***

The construction of the Performance Budgeting Index presented in this paper is mainly guided by the already discussed results of the OECD Performance Budgeting Survey and corresponding indicator for central governments (OECD, 2007; 2011), the scale ‘elements of performance budgeting’ applied to Flemish municipalities (Weets, 2012) and a revised mapping instrument applied to Flemish and Italian municipalities (Demeulenaere et al, 2013) (cf. supra). These efforts are of great value for the mapping of PB practices, but improvements are necessary to make them applicable for (inter)national comparison of local governments. The OECD Performance Budgeting Survey (and Indicator) enables a fine grained picture by using composites that adhere to the steps identified in the Handbook on Constructing Composite Indicators (Nardo et al., 2008). However, as this instrument is constructed to examine central government budgeting, some adjustments prove necessary, more precisely because *“one of the variables that differentiate budgeting in local governments from the national process is salience of the public organization [...] – the totality of service delivery systems housed in an identifiable umbrella organization under a single executive”* (Gianakis & McCue, 1999:13). This is where the mapping instrument and methodology of Demeulenaere et al (2013) is of importance, as these authors consider that the adaption of the questionnaire to a local government setting basically consists of three steps. The first phase consists of a rather rough adaption, adjusting differences between central and local government (e.g. ministry of finance equals department of finance, legislative body equals municipality council, etc.). In the second phase, more detailed and methodological adjustments must be made. For example, instead of asking to estimate percentages in which each kind of performance measure (input, output, etc.) has informed the budget, an estimation of the information value of each performance measure on a five-point Likert-scale ranging from ‘entirely not’ to ‘to a very high extent’ is considered more appropriate and less complex (see infra, plus Appendices A and B). Similarly, other questions were adjusted in this way. According to Demeulenaere et al (2013), a final adaptation (third phase) must lead to a questionnaire that enables mapping the implementation of PB on a large international scale.

Although valuable and far more detailed than the scale of Weets (2012) and some other authors (cf. supra) – which unlike Demeulenaere et al (2013) rely on only one or two dimensions of PB (e.g. measurement and use or incorporation only) – the mapping instrument of Demeulenaere et al (2013) has other weaknesses and thus needs further development. First, the provisional findings do not lead to far reaching conclusions, as the instrument is applied to only four cases and the authors have not managed yet to finalize their so called third phase in which the instrument is applied on a large (international) scale. Second, the scoring instrument contains 21 questions to map PB, which is actually ten questions more than in the original OECD Performance Budgeting Indicator. The authors have based their mapping instrument on the global OECD Performance Budgeting Survey instead of building on the derived indicator, because details on the OECD Performance Budgeting Indicator were not available at the time. As such, there is quite little comparison between the original OECD indicator and the amended mapping instrument. Together with limited additional explanations on why some of the original OECD questions were removed and – more crucial – a lack of transparency concerning the used weighting methods<sup>18</sup>, application of the mapping instrument of Demeulenaere et al (2013) without further clarification and adaptation is problematic and impossible.

<sup>18</sup> Only a draft version of these methods without clear explanations was available.

For this reason, the decision is made to retain the three-step-approach and the idea of bringing subscores in line with the managing performance framework of Bouckaert and Halligan (2008), while the Performance Budgeting Indicator – as detailed information on the used questions and weighting methods were available – has served as the primary starting point for our own Performance Budgeting Index. On top of this, building composite indexes is easier to interpret than finding common trends in many separate indicators (Nardo et al., 2005; OECD, 2013). Tables 5 and 6 offer a detailed overview of the employed operationalization. First, the original dimensions ‘existence of PI’, ‘use of PI in the budget negotiations’ and ‘consequences of not achieving targets’ were replaced by the dimensions ‘measurement’, ‘incorporation’ (two dimensions to replace the ‘existence’ dimension) and ‘use’ of PI (to replace ‘use in the budget negotiations’ and ‘consequences’). Second, although a similar weighting method is applied (Appendices A and B), the weights of these dimension altered drastically, because of the idea that *“even relevant, accurate, and timely data will serve no purpose unless they are actually used”* (Caiden, 1998:40) (cf. supra). The dimension ‘measurement of PI’ was attributed a weight of 25% instead of the 65% of ‘existence of PI’ and ‘use of PI’ was attributed a weight of 50% instead of the 20% for ‘use of PI in the budget negotiations’. Third, in compliance with the first phase of Demeulenaere et al (2013), some questions and answer categories were reformulated, because they were not applicable to local governments or because simplification or more detailed questions seemed appropriate - e2 (I1), e3 (U2), e4 (I2), e6 (M1), e7 (I4 and I5), u1 (U1) and c1 (U8).

Fourth, some entirely new questions were added (I3, U3, U4, U5, U6 and U7), others were removed (e1, e5, u2 and u3). For instance, question e1 was removed because in the context of the Flemish local governments, the PMC-Order serves as the PB framework applicable to all Flemish local governments. In this phase of the reform, this question would have led to confusion, as no local governments of other countries were surveyed at this stage of the research. Question e5 on the roles of several actors in conducting evaluations was removed and replaced by question U5, because question e5 presumes the existence of evaluation practices while Demeulenaere et al (2013) concluded that no formal elements that constitute local performance evaluations exist yet in the Flemish municipalities. Preference was given to add a more general question on the existence of internal or external policy evaluations under the umbrella of use of PI. As the question on the use of several kinds of PI was posed in a more general way, question u2 was removed. With regard to the added questions, more attention is given to using PI because it is considered in a broad fashion in this paper – i.e. more than using PI in the budget negotiations. In this way, question U4 on interim reporting procedures and U5 on conducting policy evaluations were added. Further, also question U6 and U7 were included; although these questions were absent in the OECD Performance Budgeting Indicator, they are considered to be relevant as they are part of the original OECD Performance Budgeting Survey. Fifth, question e3 on benchmarking was replaced from ‘existence of PI’ (i.e. measurement and incorporation) to the dimension ‘use of PI’.

Original OECD Performance Budgeting Indicator (Appendix B)		
	Question(s)	%
Existence of PI	<b>e1 - Does the CBA<sup>19</sup> have in place a standard PB framework? (all that apply)</b> (1) Yes, it applies to all central government Line Ministries and Agencies; (2) Yes, but it applies only to Line Ministries; (3) Yes, but it is optional for Line Ministries and Agencies to abide by it, (4) No, Line Ministries / Agencies have their own PB frameworks	16.7
	<b>e2 - What are the key elements of this standard framework? (all that apply)</b> (1) General guidelines and definitions for the performance budgeting process; (2) Standard template(s) for reporting performance information back to the CBA; (3) Standard performance rating system; (4) Standard set of performance indicators and/or targets; (4) Standard ICT tool/application for entering and reporting performance information to the CBA; (5) Other	16.7
	<b>e3 - When setting performance targets, against what benchmarks are they generally set against? (all that apply)</b> (1) Relative to the program's past performance of a similar program; (2) Relative to the performance of a similar program; (3) relative to international benchmarks of similar programs; (4) According to the performance objectives of the program; (5) other; (6) None; (7) Not applicable, performance targets not set/used	16.7
	<b>e4 - Indicate which institutions play important roles in generating performance information: (all that apply)</b> (1) Chief executive or elected governing body ; (2) Legislature or legislative body; (3) Supreme Audit Institution; (4) Internal Audit Institution; (5) CBA; (6) Line Ministries; (7) Agencies; (8) Private Consultants; (9) Civil society organizations; (10) Other; (11) N.A.	8.4
	<b>e5 - Indicate which institutions play important roles in conducting evaluations: (all that apply)</b> (1) Chief executive or elected governing body ; (2) Legislature or legislative body; (3) Supreme Audit Institution; (4) Internal Audit Institution; (5) CBA; (6) Line Ministries; (7) Agencies; (8) Private Consultants; (9) Civil society organizations; (10) Other; (11) N.A.	8.4
	<b>e6 - Estimate what percentage of the total performance information provided by Line Ministries / Agencies to the CBA as part of their budget submissions falls into the following categories (0-20%; 21-40%; 41-60%; 61-80%; 81-100%)</b> (1) input; (2) output;(3) outcome; (4) performance ratings, (5) efficiency measures	16.7
	<b>e7 - Are non-financial performance targets included in the budget documents to the legislature?</b> (1) Yes; (2) No	16.7

Performance Budgeting Index applied to local governments		
	Question(s)	%
Measurement of PI	<b>M1 - Indicate to what extent the following performance measures have informed the budget? (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not)</b> (1) Input; (2) Output; (3) Outcome; (4) Economy; (5) Efficiency; (6) Productivity; (7) Effectiveness; (8) Cost effectiveness; (9) Thematic performance measure (see e6)	100.0

Performance Budgeting Index applied to local governments		
	Question(s)	%
Incorporation of PI	<b>I1 - Which of the following tools/guidelines are used in budgeting procedures? (all that apply)</b> (1) General definitions and instructions; (2) A template for policy planning; (3) A template for integrated policy and financial planning; (4) An ICT-tool for policy planning; (5) An ICT-tool for integrated policy and financial planning; (6) Instructions to formulate policy objectives (and actions plans and actions); (7) Instructions to formulate performance measures (see e2)	25.0
	<b>I2 - Indicate which actors play important roles in defining (performance) policy objectives: (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not)</b> (1) Major; (2) College of major and aldermen <sup>20</sup> ; (3) Legislative council; (4) Treasurer; (5) Financial department; (6) Secretary <sup>21</sup> ; (7) Management team; (8) Heads of department (see e4)	12.5
	<b>I3 - Indicate which actors play important roles in developing guidelines for the use of policy objectives and performance information: (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not)</b> (1) Major; (2) College of major and aldermen; (3) Legislative council; (4) Treasurer; (5) Financial department; (6) Secretary; (7) Management team; (8) Heads of department	12.5
	<b>I4 - Indicate to what extent policy planning is developed: (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not)</b> (1) Defining (performance) policy objectives; (2) Defining action plans and actions; (3) Defining performance measures; (4) Defining results and effects	25.0
	<b>I5 - To what extent do performance objectives fit in with the following plans? (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not)</b> (1) Multi annual plan; (2) Political agreement; (3) Annual budget	25.0

**Table 5 – Operationalization of the Performance Budgeting Index for Local governments (part 1)**

<sup>19</sup> Central Budget Authority

<sup>20</sup> Deputation (province)

<sup>21</sup> Chief executive (provinces)



Original OECD Performance Budgeting Indicator (Appendix B)		
	Question(s)	%
Use of PI in the budget negotiations	<b>u1 - How often do the CBA and Line Ministries utilize the following kinds of PI in their budget negotiations? (never; rarely/occasionally; usually/always; not applicable) (1) Financial data; (2) Operational data and performance reports; (3) Performance evaluations; (4) Spending reviews; (5) Independent performance information; (6) Statistical information</b>	<b>10.0</b>
	<b>u2 - How often do Line Ministries and Agencies utilize the following kinds of performance information in their budget negotiations? (1) Financial data; (2) Operational data and performance reports; (3) Performance evaluations; (4) Spending reviews; (5) Independent performance information; (6) Statistical information</b>	<b>25.0</b>
	<b>u3 - How do the sectors of central government generally utilize PI in their budget negotiations with the CBA? (select all that apply). The scores are based on averages of the following sectors: education, health, social protection, defense, public order and general public services. (1) Setting allocations for Line Ministries/Agencies; (2) Setting allocations for programs; (3) Reducing spending; (4) Eliminating programs; (5) Increasing spending; (6) Proposing new areas of spending; (7) Developing management reform proposals; (8) Strategic planning/prioritization; (9) Other; (10) Not used</b>	<b>65.0</b>
Original OECD Performance Budgeting Indicator		
	Question(s)	%
Consequences of not achieving targets	<b>c1 - If performance targets are not met by line ministries/agencies, how likely is it that any of the following consequences are triggered? (never; rarely/occasionally; usually/always) (1) More intense monitoring of organization and/or programs in the future; (2) Negative consequences for performance evaluations of individuals responsible for the program/organization; (3) Organizational or program's poor performance made public; (4) More training provided to staff assigned to program / organization</b>	<b>100.0</b>

Table 6 – Operationalization of the Performance Budgeting Index for Local governments (part 2).

Performance Budgeting Index applied to local governments		
	Question(s)	%
Use of PI	<b>U1 - How often are the following kinds of PI used in the budget preparation? (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not) (1) Financial data; (2) Operational data; (3) Performance evaluations/reports; (4) Spending reviews; (5) Internal of external policy evaluations; (6) Statistical information (see u1)</b>	<b>12.5</b>
	<b>U2 - Indicate to what extent the following benchmarks are used when performance objectives are formulated: (to a limited extent; to a certain extent; to a high extent; to a very high extent; entirely not) (1) Past performance with the same actions; (2) Past performance with similar actions; (3) Past performance with similar actions of other local governments; (4) According to performance objectives; (5) Deliverables from the Flemish of Federal government, or other organizations (see e3)</b>	<b>12.5</b>
	<b>U3 - Have departments contributed to the budget preparation? (1 answer) (1) Financial planning proposal; (2) Policy planning proposal; (3) Integrated policy and financial planning proposal; (4) No proposal</b>	<b>12.5</b>
	<b>U4 - What kind of interim reporting procedures exist in you government? (1 answer) (1) No interim reporting procedures; (2) Interim financial reporting procedures; (3) Interim policy reporting procedures (not specified); (4) Ad hoc interim financial and policy reporting procedures (not specified); (5) Ad hoc interim financial and policy reporting procedures (specified); (6) Uniform interim financial and policy reporting procedures (not specified); (7) Uniform interim financial and policy (specified)</b>	<b>12.5</b>
	<b>U5 - Does your government conduct policy evaluations? (1) Internal – no; (2) Internal – yes; (3) External – no; (4) External – yes</b>	<b>12.5</b>
	<b>U6 - For which departments is the amount of allocated resources conditional upon the extent in which objectives are met? (1) None; (2) Some departments; (3) All departments</b>	<b>12.5</b>
	<b>U7 - If performance objectives are met, how likely is it that any of the following consequences are triggered? (a) no consequence; (b) lower the budget; (c) increase the budget; (d) assign the remaining budget to another action; (e) <u>make good performances public</u>; (f) lower reporting requirements; (g) <u>formal or informal recognition of the managers performances</u>; (h) <u>positive consequences for individual performance evaluations</u>; (i) allocate more staff; (j) allocate less staff; (k) <u>ask manager to reproduce good performances in other actions</u>; (l) ask manager to share good practices with other managers (1) Most applied; (2) Second most applied; (3) Third most applied)</b>	<b>12.5</b>
	<b>U8 - If performance objectives are not met, how likely is it that any of the following consequences are triggered? (a) no consequence; (b) removal of actions; (c) <u>more intense monitoring</u>; (d) freeze the budget; (e) lower the budget; (f) increase the budget; (g) <u>negative consequences for individual performance evaluations</u>; (h) <u>make poor performances public</u>; (i) allocate more staff; (j) allocate less staff; (k) provide more training to the staff; (l) discharge an action towards another department; (m) assign a new manager to the action (1) Most applied; (2) Second most applied; (3) Third most applied) (see c1)</b>	<b>12.5</b>

### Results of the Performance Budgeting Index for Local Governments

Tables 7, 8 and 9 provide a first overview of the results obtained by the municipalities, PCSW's and provinces on each PB dimension (For more detailed results, see Appendix C). Generally speaking, not a lot of PI is measurement in the Flemish local governments (37%, see Table 7). The index results indicate that on average the budgets of provinces are most informed by performance measures (41%, although there are big differences between provinces), followed by PCSW's (38%) and municipalities (32%). Not surprisingly, input measures are most common to inform the budget in all types of Flemish local governments, followed by economy, efficiency and output measures. Outcome measures and measures of effectiveness, cost effectiveness, productivity and thematic measure are less used to inform the budget (and thus probably less measured).

Measurement of PI	Municipalities N=149	PCSW's N=150	Provinces N=5	Total
M1 – Performance measures (100%)	32 / 100	38 / 100	41 / 100	37 / 100
<b>Total</b>	<b>32</b>	<b>38</b>	<b>41</b>	<b>37</b>

**Table 7. Results of the dimension 'measurement of PI'.**

The results in Table 8 show that the Flemish local governments obtained a better overall scores on the incorporation dimension. Again, most PI is incorporated by provinces (51%), followed by the PCSW's (40%) and municipalities (37%). Especially the development of policy planning (48%) and level of integration of PI into the budgeting documents (52%) stand out. As for the development of policy planning, respondents scored themselves high on defining policy objectives, action plans and action. The definition and incorporation of results and effects and corresponding performance measures proves to be more challenging (cf. measurement of PI). Nevertheless, the Flemish local governments manage quite well to incorporate the available PI into their multi-annual and annual budgets.

On the other hand, tools and guidelines to incorporate PI in the budgeting process are less available (29%). Although quite a lot of respondents indicate the existence of general definitions and instructions, templates for financial planning and guidelines to formulate policy objectives, guidelines to formulate specific performance measures and templates for policy planning or templates for integrated policy and financial planning are rare. Compared to the situation in the provinces, the role and involvement of actors in defining performance policy objectives and guidelines for the use of PI is very limited. In the provinces, these variables contributed to a large extent to the general score on this dimension.

Incorporation of PI	Municipalities N=149	PCSW's N=150	Provinces N=5	Total
I1 – Tools and guidelines used in the budgeting process (25%)	24 / 100	19 / 100	44 / 100	29 / 100
I2 – Actors' role in defining performance policy objectives (12.5%)	34 / 100	39 / 100	62 / 100	45 / 100
I3 – Actors' role in developing guidel. for the use of PI (12.5%)	26 / 100	33 / 100	58 / 100	39 / 100
I4 – Development of policy planning (25%)	40 / 100	48 / 100	56 / 100	48 / 100
I5 – Level of integration of PI into the budget documents (25%)	52 / 100	56 / 100	48 / 100	52 / 100
<b>Total</b>	<b>37</b>	<b>40</b>	<b>51</b>	<b>43</b>

**Table 8. Results of the dimension 'incorporation of PI'.**

PI is used most in provinces and PCSW's (39%), although municipalities do not significantly use less PI. The contribution of departments to the budget preparation (72%), the consequences of good performance (48%) and the use of PI in the budget preparation (46%) stand out. All provincial departments deliver an integrated financial and policy planning proposal or at least a policy planning proposal. These results contrast with the situation in municipalities and PCSW's, where approximately only half of the departments deliver such proposals. In these governments, it is much more common to only deliver a financial planning proposal or no proposal at all (this is especially the case in PCSW's).

When it comes to the use of PI information in the budget preparation, financial data and operational data are mobilized most in the Flemish local governments, while performance reports, policy evaluations, spending reviews and statistical information tend to be less relevant. Good performances not always lead to consequences, but if they do, the consequences that are applied are performance related in some cases. Positive results being made public or reproduction of good performances in other actions are most popular. On the other hand, poor performances do not lead to performance related consequences that much (33%). Further, allocation is almost never conditional upon whether targets are met (10%), internal or external policy evaluations are not embedded to a large scale yet (20%), and performance information is only occasionally used to for benchmarking purposes (33%).

Use of PI	Municipalities N=149	PCSW's N=150	Provinces N=5	Total
U1 – Use of PI in the budget preparation (12.5%)	42 / 100	50 / 100	47 / 100	46 / 100
U2 – Use of PI to benchmark (12.5%)	26 / 100	31 / 100	43 / 100	33 / 100
U3 – Department's contribution to the budget preparation (12.5%)	66 / 100	55 / 100	96 / 100	72 / 100
U4 – Existence of interim reporting procedures (12.5%)	35 / 100	40 / 100	35 / 100	37 / 100
U5 – Existence of policy evaluations (12.5%)	21 / 100	30 / 100	10 / 100	20 / 100
U6 – Allocation conditional upon whether targets are met (12.5%)	13 / 100	17 / 100	0 / 100	10 / 100
U7 – Consequences of poor performances (12.5%)	28 / 100	38 / 100	34 / 100	33 / 100
U8 – Consequences of good performances (12.5%)	46 / 100	53 / 100	46 / 100	48 / 100
<b>Total</b>	<b>35</b>	<b>39</b>	<b>39</b>	<b>37</b>

**Table 9. Results of the dimension 'use of PI'.**

Further, three other general findings are worth mentioning: (1) provinces score best on all three dimensions – only with respect to the use of PI, PCSW's are performing slightly better; (2) analysis of the detailed scores of Appendix C reveals that more populated municipalities and PCSW's generally tend to measure, incorporate and use more PI; and (3) the Performance Budgeting Index scores confirm our hypothesis that the way the Flemish local governments have implemented PB practices varies to a large extent. Figure 5 provides a detailed visualization of this trend.

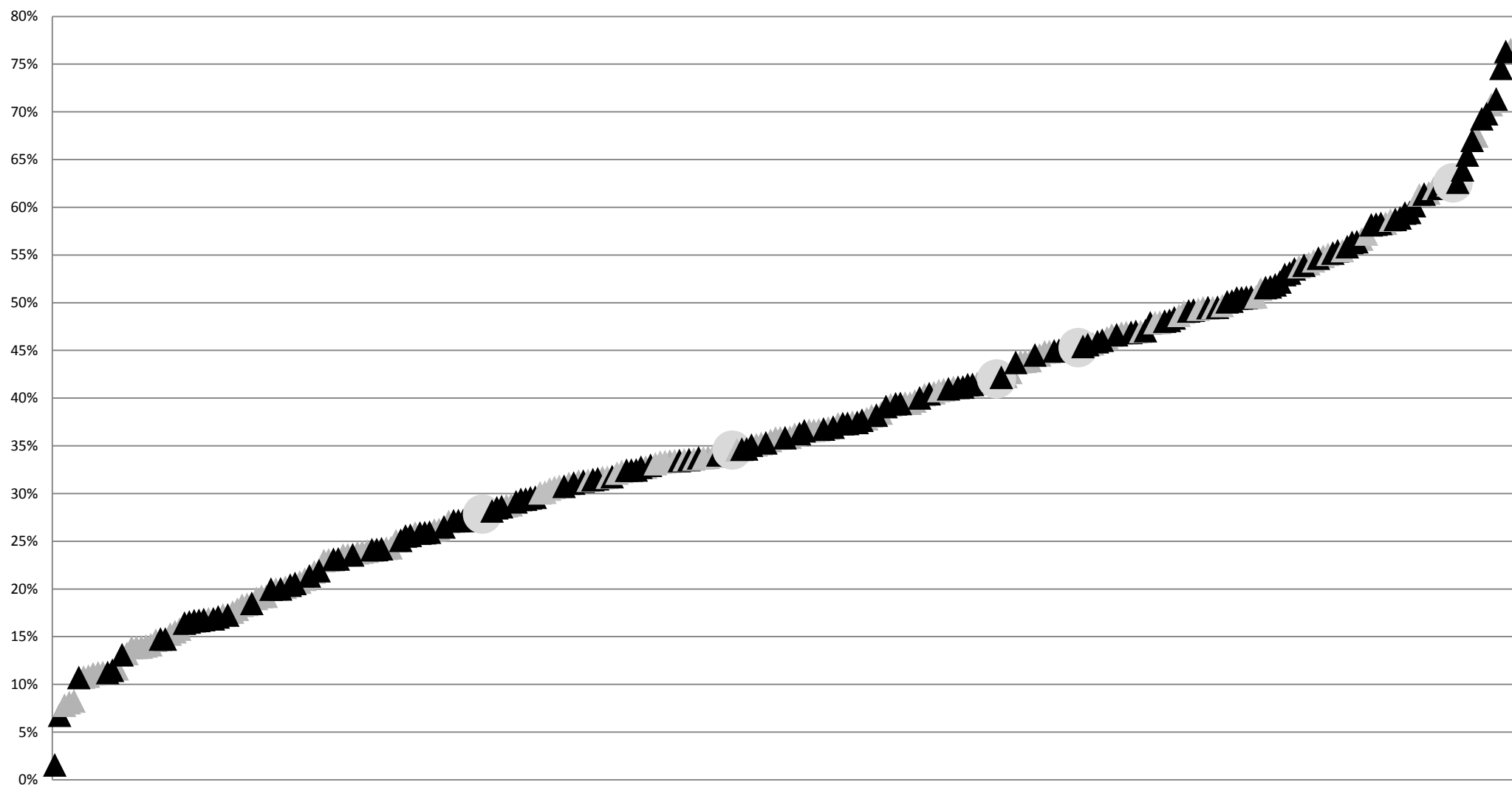


Figure 5 – Total Performance Budgeting Index scores of 304 Flemish local governments on a continuous scale  
(grey triangles: municipalities; black triangles: PCSW's; grey bullets: provinces).

As mentioned before, the meaning and understanding of this variation can be strengthened by extending the index scores with secondary more objective data. More specifically, the database digital reporting of the Flemish Government has enabled to measure the extent in which financial and non-financial PI is connected. To put it differently, it is possible to link the scores of the Performance Budgeting Index to this ratio. This is important, because although far from perfect, this objective data helps to partly neutralize the potential weaknesses of the more subjective and possibly biased Performance Budgeting Index scores (the ratios relate mostly to the incorporation dimension). This link offers the possibility to identify governments that obtained a high index score without integrating a lot of financial and non-financial PI, and vice versa. Applied to the same 304 cases, this secondary data shows that on average 50% of the allocated budget is motivated by policy objectives (Figure 6).

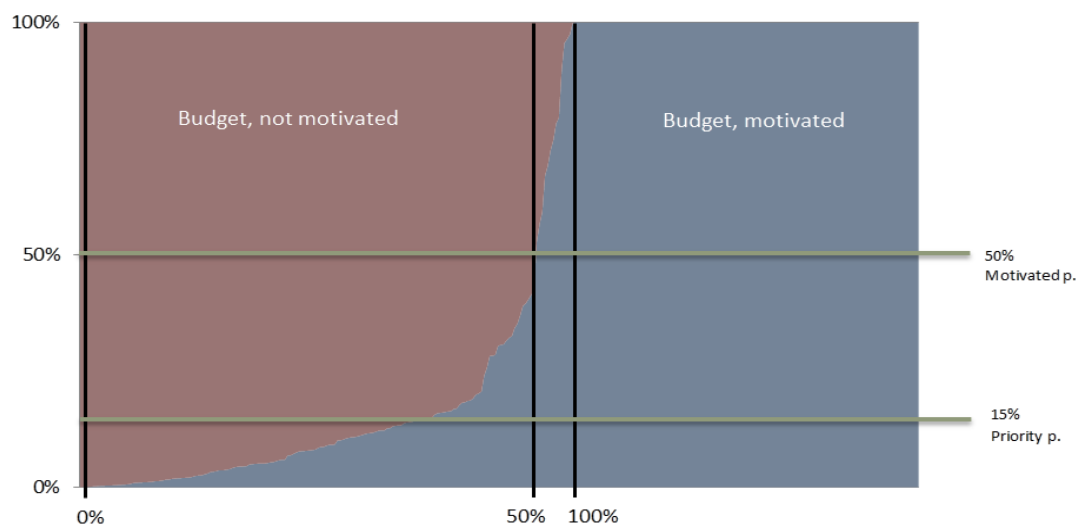


Figure 6 – Percentage of motivated budget (304 cases).

Linking both data sources to each other in Figure 7 leads to two major findings: (1) local governments with higher index scores tend to motivate a larger amounts of their budgets (44% in case of governments with index scores below the average, 57% in case of governments with higher index scores), and (2) a lot of exceptions disturb this general trend (i.e. local governments that obtained a high index score but motivate little budget, and vice versa). As this is just one ratio, more of such ratios will be added in future research.

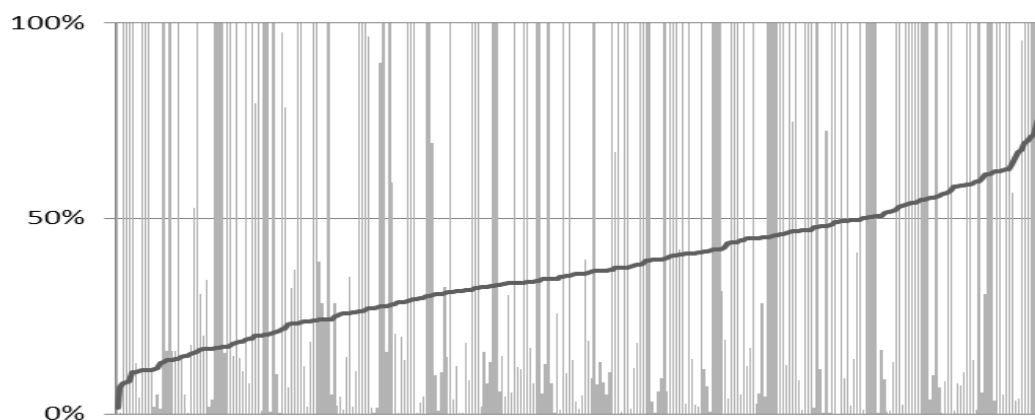


Figure 7 – Ratio applied to the Performance Budgeting Index scores.



## Conclusion and discussion

This paper aimed at mapping performance budgeting practices of (Flemish) local governments in a diversified and descriptive way. Not only methodologies are explored and refined to study performance budgeting in these governments on a large (international) scale, also the results fit in with our research strategy in which the first step is to examine the impact of performance budgeting practices and to identify possible implementation gaps (see Bleyen & Lombaert, 2014). As motivated in this paper, the mapping of variation in implementation of PB practices implies the need for a diversified measurement instrument, but such a tool is not appropriate to measure the quality of budget systems or to explain the captured variations.

Table 10 summarizes the data analysis structured according to the framework of Bouckaert and Halligan (2008), in which the distinction is made between measurement, incorporation and use of performance information. The overall scores show a rather low level of performance budgeting in the Flemish local governments, although provinces obtained higher scores than municipalities (and PCSW's). A closer look to each of the three dimensions leads to the conclusion that the 'limited' measured PI (38%) is incorporated to a certain extent in the budget (44%) – so there is a certain level of institution of performance budgeting practices – but the use of this information does not follow automatically (38%).

Dimensions	Municipalities	PCSW's	Provinces	Total
Measurement	8/25 (32/100)	10 / 25 (40/100)	10 / 25 (40/100)	9/25 (38/100)
Incorporation	9/25 (36/100)	10 / 25 (40/100)	13 / 25 (52/100)	11/25 (44/100)
Use	17/50 (34/100)	20 / 50 (40/100)	19 / 50 (38/100)	19/50 (38/100)
<b>Performance Budgeting Index</b>	<b>35</b>	<b>39</b>	<b>42</b>	

**Table 10. Summary of scores on the Performance Budgeting Index for local governments.**

Although composite indexes have a lot of advantages, the development and use of such instruments also prove to be controversial sometimes, because *“these indexes are easily and often misinterpreted by users due to a lack of transparency as to how they are generated and the resulting difficulty to truly unpack what they are actually measuring”* (OECD, 2013:172). In an effort to counter these possible downsides, all research phases in the construction of the Performance Budgeting Index for local governments are well documented to maximize transparency (i.a. Appendices A and B, etc.).

Nevertheless, improvement will still be needed. Future research will explore the results of this paper in more depth by adding other ratios based on the Database Digital Reporting and by further optimizing and refining the questionnaire and derived index. More attention can and will be given to the robustness of the various indicators, variables and concepts so that they correlate and represent the same underlying concepts to a maximum where necessary (for instance, factor analysis will be considered as a statistical tool) (OECD, 2013). Also, further attention must be given to the potentiality and neutralization of socially desirable answers, and the finding that questions and corresponding answer categories still prove to be (to) difficult in some cases (a lot of respondents claimed this during phone recalls). Because Demeulenaere et al (2013) came to the same conclusion, further attention must be given to engagement of experts and practitioners before conducting a new survey and corresponding Performance Budgeting Index. As such, all these steps will be taken to refine the Performance Budgeting Index and ultimately to define a Performance Budgeting DNA per local government that allows for international comparative research.

## References

- Allen, R., Hemming, R., & Potter, H. (2013). Introduction: The Meaning, Content and Objectives of Public Financial Management. In R. Allen, R. Hemming & B.H. Potter (Eds.), *The International Handbook of Public Financial Management* (pp. 1-12). New York: Palgrave Macmillan.
- Aritzi, P., Brumby, J., Manning, N., Senderowitsch, R., & Thomas, T. (2013). *Results, Performance Budgeting and Trust in Government*. Washington DC: World Bank
- Behn, R.D. (2003). Why Measure Performance? Different Purposes Require Different Measures? *Public Administration Review*, 63(5), 586-606.
- Berman, E., & Wang, X. (2000). Performance Measurement in U.S. Counties: Capacity for Reform. *Public Administration Review*, 60(5), 409-420.
- Bleyen, P. & Lombaert, S. (2014). *The Integration of Performance Information in the Financial Cycle – Mapping and Explaining Performance Budgeting Practices in Flemish Local Governments*. Paper to be presented at EGPA, Speyer, 8-9 September 2014.
- Boyne, G.A. (2010). Performance Management: Does It Work?. In R.M. Walker, G.A. Boyne & G.A. Brewer (Eds.), *Public Management and Performance: Research and Directions* (pp. 207-226). Cambridge: Cambridge University Press.
- Bouckaert, G. & Halligan, J. (2008). *Managing performance: international comparisons*. London: Routledge.
- Caiden, N. (1998). Public Service Professionalism for Performance Measurement and Evaluation. *Public Budgeting and Finance*, 18(1), 35-52.
- Cope, G.H. (1987). Local Government Budgeting and Productivity: Friends or Foes?. *Public Productivity Review* 10(3), 45-57.
- Curristine, T. (2005). Performance Information in the Budget Process: Results of the OECD 2005 Questionnaire. *OECD Journal on Budgeting*, 5(2), 87-131.
- Curristine, T. (2007). Experience of OECD Countries with Performance Budgeting. In M. Robinson (Ed.), *Performance Budgeting. Linking Funding and Results* (pp. 128-143). New York: Palgrave Macmillan.
- Curristine, T. & Flynn, S. (2013). In Search of Results: Strengthening Public Sector Performance. In M. Cangiano, T. Curristine & M. Lazare (Eds.), *Public Financial Management and Its Emerging Architecture* (1<sup>st</sup> ed.) (pp. 225-258). Washington DC: International Monetary Fund.
- De Peuter, B., De Smedt, J., & Bouckaert, G. (2007). *Handleiding beleidsevaluatie. Deel 1: evaluatiedesign en –management* [Guide on Policy Evaluation. Part 1: Evaluation Design and Management]. Leuven: Policy Research Centre on Governmental Organization.
- Demeulenaere, E., Corvo, L., Bouckaert, G., & Meneguzzo, M. (2013). *Measuring Performance Based Budgeting in Flemish and Italian Municipalities*. Paper presented at EGPA, Edinburgh, 11-13 September 2013.
- Deming, W. E. (1994). *Out of the Crisis* (22nd ed.). Massachusetts: Massachusetts Institute of Technology. Center for Advanced Engineering Study.
- Dessoy, A. (2007). *Lokale financiën. Sociaaleconomische typologie van de gemeenten* [Local Finance. A Socio-Economic Typology of Municipalities]. Brussels: Belfius Bank and Insurances.
- Giniakis, G.A., & McCue, G.P. (1999). *Local Government Budgeting: a Managerial Approach*. Wesport (Conn.): Praeger.
- Guthrie, J., Olson, O., & Humphrey C. (1999). Debating Developments in New Public Financial Management: The Limits of Global Theorising and Some New Ways Forward. *Financial Accountability and Management*, 15(3-4), 209-228.
- Hatry, H.P. (2008). The Many Faces of Use. In W. Van Dooren & S. Van de Walle (Eds.) *Performance Information in the Public Sector: How it is Used* (pp. 227-240). New York, Palgrave Macmillan.
- Hood, C. (1991). A Public Management for all Seasons? *Public Administration*, 69(1), 3-19.
- Ho, A. T. (2010). PBB in American Local Governments: It's More than a Management Tool. *Public Administration Review*, 71(3), 391-401.
- Hughes, O.E. (2012). *Public Management & Administration. An Introduction* (4th Ed.). New York: Palgrave Macmillan.
- Jennings, E.T., & Haist M.P. (2004). Putting Performance Measurement in Context. In P.W. Ingraham & L.E. Lynn (Eds.) *The Art of Governance: Analyzing Management and Administration* (pp. 173-194). Washington DC: Georgetown University Press.
- Liguori, M. (2012). Radical Change, Accounting and Public Sector Reforms: A Comparison of Italian and Canadian Municipalities. *Financial Accountability & Management*, 28(4), 437-463.

- Melkers, J., & Willoughby, K. (2005). Models of Performance-Measurement Use in Local Governments: Understanding Budgeting, Communication, and Lasting Effects. *Public Administration Review*, 65 (2), 180-190.
- Mintzberg, H. (1994). *The Rise and Fall of Strategic Planning*. New York: Prentice Hall.
- Neely, A., Gregory, M., & Platts, K. (1995). Performance Measurement System Design: A Literature Review and Research Agenda. *International Journal of Operations & Production Management*, 15(4), 80-116.
- Nardo, M., Saisana, M., Saltelli, A., Tarantola, S., Hoffmann, A., & Giovannini, E., et al (2005). *Handbook on Constructing Composite Indicators. Methodology and User Guide. OECD Statistics Working Paper*. OECD Publishing.
- Nardo, M., Saisana, M., Saltelli, A., Tarantola, S., Hoffmann, A., & Giovannini, E., et al (2008). *Handbook on Constructing Composite Indicators. Methodology and User Guide*. OECD Publishing.
- OECD (2007). Performance Information in the Budget Process: An Overview of OECD Country Experiences. In *Performance Budgeting in OECD Countries*, OECD Publishing.
- OECD (2009). *Government at a Glance 2009*. OECD Publishing.
- OECD (2011). *Introduction to 2011 OECD Performance Budgeting Survey*. Paper presented at the 7th Annual Meeting on Performance & Results. OECD Conference Centre, Paris. 9-10 November 2011.
- OECD (2013). *Government at a Glance 2013*. OECD Publishing.
- Padovani, E., & Young D.W. (2012). *Managing Local Governments. Designing Management Control Systems That Deliver Value*. London, Routledge.
- Perrin, B. (1999). Performance Measurement: Does the Reality Match the Rhetoric? A Rejoinder to Bernstein and Winston. *American Journal of Evaluation*, 20(1), 101-111.
- Poister, T.H., & Streib, G. (2005). Elements of Strategic Planning and Management in Municipal Government: Status after Two Decades. *Public Administration Review*, 65(1), 45-56.
- Rainey, H.G. & Ryu, J.E. (2004). Framing High Performance and Innovativeness in Government. A Review and Assessment of Research. In P.W. Ingraham & L.E. Lynn (Eds.) *The Art of Governance: Analyzing Management and Administration* (pp. 20-45). Washington DC: Georgetown University Press.
- Reichard, C. (2010). *Use of Performance Information in Performance Budgets at the Local Level of Germany*. Working paper, University of Potsdam, Germany.
- Riverbank, W.C., & Kelly J.M. (2006) Performance Budgeting in the Municipal Government. *Public Performance and Management Review*, 30(1), 35-46.
- Robinson M. (2007). Performance Budgeting Models and Mechanisms. In M. Robinson (Ed.) *Performance Budgeting. Linking Funding and Results* (pp. 1-18). New York, Palgrave Macmillan.
- Ter Bogt, H.J., & Van Helden, J. (2000). Accounting Change in Dutch Government: Exploring the Gap between Expectations and Realizations. *Management Accounting Research*, 11, 263-279.
- Ter Bogt, H.J. (2004). Politicians in Search of Performance Information? – Survey Research on Dutch Aldermen's Use of Performance Information. *Financial Accountability & Management*, 20(3), 221-252.
- Vakkuri, J. & Meklin, P. (2006). Ambiguity in Performance Measurement: A Theoretical Approach to Organisational Uses of Performance Measurement. *Financial Accountability and Management*, 22(3), 235-250.
- Van Dooren, W. (2006). *Performance Measurement in the Flemish Public Sector: A Supply and Demand Approach*. Unpublished doctoral dissertation, KU Leuven, Leuven.
- Van Dooren, W., Bouckaert, G., & Halligan, J. (2010). *Performance Management in the Public Sector*. London: Routledge.
- Van Garse, S., & Windey, J. (2006). *Handleiding invoeren van elementen van prestatiebegroting [Guideline on the Introduction of Elements of Performance Budgeting]*. Unpublished internal report, KU Leuven, Leuven.
- Wang, X. (2002). Assessing Performance Measurement Impact: A Study of US Local Governments. *Public Performance & Management Review*, 26(1), 26-43.
- Weets, K. (2012). *Van decreet tot praktijk? – Een onderzoek naar de invoering van elementen van prestatiebegroting in Vlaamse gemeenten. [From decree till practice? – Research concerning the introduction of elements of performance budgeting in Flemish municipalities]*. Unpublished doctoral dissertation, KU Leuven, Leuven.

## Appendix A – Performance Budgeting Index for local governments.

Variable	Question 2013	Wt.	Scoring indicator		Total wt.
M1	Indicate to what extent the following <b>performance measures</b> have informed the budget? <sup>22</sup>	100,00%			
	Input	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Output	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Outcome	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Economy	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Efficiency	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Productivity	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Effectiveness	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Cost effectiveness	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
	Thematic indicators	11,11%	To a limited extent	0,2500	0,006944
			To a certain extent	0,5000	0,013889
			To a high extent	0,7500	0,020833
			To a very high extent	1,0000	0,027778
			Entirely not	0,0000	0,000000
				<b>9,0000</b>	<b>0,250000</b>
I1	Which of the following <b>tools and/or guidelines</b> are used during budgeting procedures?	25,00%	General definitions and instructions	0,1111	0,006944
			An ICT or other template for policy planning	0,1111	0,006944
			An ICT or other template for integrated policy and financial planning	0,2222	0,013888
			Instructions to formulate policy objectives (and action plans and actions)	0,1111	0,006944
			Instructions to formulate indicators	0,1111	0,006944
				<b>1,0000</b>	<b>0,062497</b>

<sup>22</sup> Examples of each performance measure were included in the survey.

12	Indicate which actors play <b>important roles in defining (performance) policy objectives</b> in the budget:	12,50%			
	Major	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	College of major and aldermen / permanent committee (PCSW) / deputation (province)	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Municipal / PCSW / Provincial council	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Treasurer	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Department of finance	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Secretary	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Management team	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Heads of department	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
				8,0000	0,031250
13	Indicate which actors play important <b>roles in developing guidelines for the use of policy objectives and performance information</b> :	12,50%			
	Major	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	College of major and aldermen / permanent committee (PCSW) / deputation (province)	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
			To a limited extent	0,2500	0,000977



	Municipal / PSCW / Provincial council	1,56%	To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
	Treasurer	1,56%	To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
	Department of finance	1,56%	Not applicable	0,0000	0,000000
			To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
	Secretary	1,56%	Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
			To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
			To a high extent	0,7500	0,002930
	Management team	1,56%	To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
			To a limited extent	0,2500	0,000977
			To a certain extent	0,5000	0,001953
	Heads of department	1,56%	To a high extent	0,7500	0,002930
			To a very high extent	1,0000	0,003906
			Entirely not	0,0000	0,000000
			Not applicable	0,0000	0,000000
				8,0000	0,031250
14	Indicate to what extent <b>policy planning</b> is <b>developed</b> ?	25,00%			
	Defining (performance) policy objectives	6,25%	To a limited extent	0,2500	0,003906
			To a certain extent	0,5000	0,007813
			To a high extent	0,7500	0,011719
			To a very high extent	1,0000	0,015625
			Entirely not	0,0000	0,000000
	Defining action plans and actions	6,25%	To a limited extent	0,2500	0,003906
			To a certain extent	0,5000	0,007813
			To a high extent	0,7500	0,011719
			To a very high extent	1,0000	0,015625
			Entirely not	0,0000	0,000000
	Defining performance measures	6,25%	To a limited extent	0,2500	0,003906
			To a certain extent	0,5000	0,007813
			To a high extent	0,7500	0,011719
			To a very high extent	1,0000	0,015625
			Entirely not	0,0000	0,000000
	Defining results and effects	6,25%	To a limited extent	0,2500	0,003906
			To a certain extent	0,5000	0,007813
			To a high extent	0,7500	0,011719
			To a very high extent	1,0000	0,015625
			Entirely not	0,0000	0,000000
				4,0000	0,062500
15	To what extent do <b>performance objectives fit in with</b> the following <b>plans</b> ?	25,00%			
	Multi-annual budget	8,33%	To a limited extent	0,2500	0,005208
			To a certain extent	0,5000	0,010417
			To a high extent	0,7500	0,015625
			To a very high extent	1,0000	0,020833
			Entirely not	0,0000	0,000000
			To a limited extent	0,2500	0,005208

	Political agreement	8,33%	To a certain extent	0,5000	0,010417
			To a high extent	0,7500	0,015625
			To a very high extent	1,0000	0,020833
			Entirely not	0,0000	0,000000
	Annual budget	8,33%	To a limited extent	0,2500	0,005208
			To a certain extent	0,5000	0,010417
			To a high extent	0,7500	0,015625
			To a very high extent	1,0000	0,020833
			Entirely not	0,0000	0,000000
				<b>3,0000</b>	<b>0,062500</b>
U1	How often are the following <b>kinds of performance information used</b> in the budget preparation?	<b>12,50%</b>			
	Financial data	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
	Operational data	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
	Performance evaluations / reports	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
	Spending reviews	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
	Internal or external policy evaluations	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
	Statistical information	2,08%	To a limited extent	0,2500	0,002604
			To a certain extent	0,5000	0,005208
			To a high extent	0,7500	0,007813
			To a very high extent	1,0000	0,010417
			Entirely not	0,0000	0,000000
				<b>6,0000</b>	<b>0,062500</b>
U2	Indicate to what extent the following <b>benchmarks</b> are used when performance objectives are formulated	<b>12,50%</b>			
	Past performance with the same actions	2,50%	To a limited extent	0,2500	0,003125
			To a certain extent	0,5000	0,006250
			To a high extent	0,7500	0,009375
			To a very high extent	1,0000	0,012500
			Entirely not	0,0000	0,000000
	Past performance with similar action(s)	2,50%	To a limited extent	0,2500	0,003125
			To a certain extent	0,5000	0,006250
			To a high extent	0,7500	0,009375
			To a very high extent	1,0000	0,012500
			Entirely not	0,0000	0,000000
	Past performance with similar actions of other local governments	2,50%	To a limited extent	0,2500	0,003125
			To a certain extent	0,5000	0,006250
			To a high extent	0,7500	0,009375
			To a very high extent	1,0000	0,012500
			Entirely not	0,0000	0,000000
	According to performance objectives	2,50%	To a limited extent	0,2500	0,003125
			To a certain extent	0,5000	0,006250
			To a high extent	0,7500	0,009375
			To a very high extent	1,0000	0,012500
			Entirely not	0,0000	0,000000
	Deliverables from the Flemish or Federal governments, or	2,50%	To a limited extent	0,2500	0,003125
			To a certain extent	0,5000	0,006250

	other organizations		To a high extent	0,7500	0,009375
			To a very high extent	1,0000	0,012500
			Entirely not	0,0000	0,000000
				<b>5,0000</b>	<b>0,062500</b>
U3	Have <b>departments contributed to the budget preparation?</b> (1 answer)	<b>12,50%</b>	Financial planning proposal	0,5000	0,031250
			Policy planning proposal	0,7500	0,046875
			Integrated financial and policy planning proposal	1,0000	0,062500
			No proposal	0,2500	0,015625
				<b>1,0000</b>	<b>0,062500</b>
U4	What kind of <b>interim reporting procedures</b> exist in your government? (1 answer)	<b>12,50%</b>	No interim reporting procedures	0,0000	0,000000
			Interim financial reporting procedures	0,5000	0,031250
			Interim policy reporting procedures (not specified)	0,2500	0,015625
			Ad hoc interim financial and policy reporting procedures, (not specified)	0,7500	0,046875
			Ad hoc interim financial and policy reporting procedures, (specified)	1,0000	0,062500
			Uniform interim financial and policy reporting procedures, (not specified)	0,7500	0,046875
			Uniform interim financial and policy reporting procedures, (specified)	1,0000	0,062500
				<b>1,0000</b>	<b>0,062500</b>
U5	Does your government conduct <b>policy evaluations</b> ?	<b>12,50%</b>			
			No	0,0000	0,000000
			Yes	1,0000	0,031250
			No	0,0000	0,000000
			Yes	1,0000	0,031250
				<b>2,0000</b>	<b>0,062500</b>
U6	For which departments is the amount of allocated <b>resources conditional upon</b> the extent in which <b>objectives</b> are met?	<b>12,50%</b>	None	0,0000	0,000000
			Some departments	0,5000	0,031250
			All departments	1,0000	0,062500
				<b>1,0000</b>	<b>0,062500</b>
U7	If <b>performance objectives are not met</b> , which <b>consequences</b> are applied?	<b>12,50%</b>			
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
				<b>3,0000</b>	<b>0,062500</b>
U8	If <b>performance objectives are met</b> , which <b>consequences</b> are applied?	<b>12,50%</b>			
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
			Performance consequence	1,0000	0,020833
			Other consequence	0,0000	0,000000
				<b>3,0000</b>	<b>0,062500</b>

## Appendix B – Composite indicator of performance budgeting (OECD, 2013).

Variables	Wt.	Question	Weight	Scoring indicator	Tot.wt.
Existence of performance information	65%	Q.11a. Does the CBA have in place a standard performance budgeting framework? (select all that apply)	16,7%	a. Yes, it applies to all central government Line Ministries and Agencies	0,2500
				b. Yes, but it applies only to Line Ministries	0,2500
				c. Yes, but it is optional for Line Ministries and Agencies to abide by it	0,2500
				d. No, Line Ministries/Agencies have their own performance budgeting frameworks	0,2500
		Q.11b. What are the key elements of this standard framework? (select all that apply)	16,7%	a. General guidelines and definitions for the performance budgeting process	0,1667
				b. Standard template(s) for reporting performance information back to the CBA	0,1667
				c. Standard performance rating system	0,1667
				d. Standard set of performance indicators and/or targets	0,1667
				e. Standard ICT tool/application for entering and reporting performance information to the CBA	0,1667
				f. Other	0,1667
		Q.22. When setting performance targets, against what benchmark(s) are they generally set against? (select all that apply)	16,7%	a. Relative to the programme's past performance	0,2000
				b. Relative to the performance of a similar program	0,2000
				c. Relative to international benchmarks of similar programs	0,1500
				d. According to the performance objectives of the program	0,2000
				e. Other	0,1500
				f. None	0,1000
				g. Not applicable, performance targets not set/used.	0,0000
		Q.13. Please indicate which institutions play important roles in: c. Generating performance information (select all that apply)	8,34%	Chief executive or elected governing body	0,1500
				Legislature or legislative body	0,1500
				Supreme Audit Institution	0,0000
				Internal audit institution	0,0000
				CBA	0,1500
				Line ministries	0,1500
				Agencies	0,1500
				Private consultants	0,0000
		Q.13. Please indicate which institutions play important roles in: d. Conducting evaluations (select all that apply)	8,34%	Civil society organisations	0,1000
				Other	0,1500
				Not applicable	0,0000
				Chief executive or elected governing body	0,1500
				Legislature or legislative body	0,1500
				Supreme Audit Institution	0,0000
				Internal audit institution	0,0000
				CBA	0,1500
		Q.18 Please estimate what percentage of the total performance information provided by Line ministries/agencies to the CBA as part of their budget submissions falls into the following categories	16,67% in total	Line ministries	0,1500
				Agencies	0,1500
				Private consultants	0,0000
				Civil society organisations	0,1000
				Other	0,1500
				Not applicable	0,0000
		a. Input measures	3,3%	0-20% of PI	0,2000
				21-40% of PI	0,4000
				41-60% of PI	0,6000
				61-80% of PI	0,8000
				81-100% of PI	1,0000
				Not applicable	0,0000
		b. Output measures	3,3%	0-20% of PI	0,2000
				21-40% of PI	0,4000
				41-60% of PI	0,6000

				61-80% of PI	0,8000	0,0173
				81-100% of PI	1,0000	0,0216
				Not applicable	0,0000	0,0000
		c. Outcome measures	3,3%	0-20% of PI	0,2000	0,0043
				21-40% of PI	0,4000	0,0087
				41-60% of PI	0,6000	0,0130
				61-80% of PI	0,8000	0,0173
				81-100% of PI	1,0000	0,0216
				Not applicable	0,0000	0,0000
		d. Performance "Ratings"	3,3%	0-20% of PI	0,2000	0,0043
				21-40% of PI	0,4000	0,0087
				41-60% of PI	0,6000	0,0130
				61-80% of PI	0,8000	0,0173
				81-100% of PI	1,0000	0,0216
				Not applicable	0,0000	0,0000
		e. Efficiency measures	3,3%	0-20% of PI	0,2000	0,0043
				21-40% of PI	0,4000	0,0087
				41-60% of PI	0,6000	0,0130
				61-80% of PI	0,8000	0,0173
				81-100% of PI	1,0000	0,0216
				Not applicable	0,0000	0,0000
		PP2012/ Q61.g. Are non-financial performance targets included in the budget documents to the legislature?	16,7%	Yes	1,0000	0,1084
				No	0,0000	0,0000
Use of performance information in the budget negotiations	20%	Q14. How often do the Central Budget Authority (CBA) and Line Ministries utilise the following kinds of performance information in their budget negotiations?	10% in total			
		a. financial data	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		b. operational data and performance reports	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		c. performance evaluations	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		d. Spending Reviews	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		e. Independent performance information	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		f. Statistical information	1,7%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0017
				Usually/Always	1,0000	0,0033
				Not applicable	0,0000	0,0000
		Q16. How often do Line Ministries and Agencies utilise the following kinds of performance information in their budget negotiations?	25% in total			
		a. financial data	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042
		b. operational data and performance reports	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042



		c. performance evaluations	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042
		d. Spending Reviews	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042
		e. Independent performance information	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042
		f. Statistical information	4,2%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0042
				Usually/Always	1,0000	0,0083
				Not applicable	0,0000	0,0000
				Varies across ministries	0,5000	0,0042
		Q19. How do the sectors of central government generally utilise PI in their budget negotiations with the CBA? (select all that apply). The scores are based on averages of the following sectors: education, health, social protection, defence, public order and general public services.	65,0%	i. Setting allocations for LM/Agencies	0,1111	0,0144
				ii. Setting allocations for programmes	0,1111	0,0144
				iii. Reducing spending	0,1111	0,0144
				iv. Eliminating programmes	0,1111	0,0144
				v. Increasing spending	0,1111	0,0144
				vi. Proposing new areas of spending	0,1111	0,0144
				vii. Developing mngt reform proposals	0,1111	0,0144
				viii. Strategic planning/prioritisation	0,1111	0,0144
				ix. Other	0,1111	0,0144
				x. Not used	0,0000	0,0000
Consequences of not achieving the targets	15%	Q24. If performance targets are not met by line ministries/agencies, how likely is it that any of the following consequences are triggered?				
		c. More intense monitoring of organisation and/or programme in the future	25,0%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0188
				Usually/Always	1,0000	0,0375
		h. Negative consequences for performance evaluations of individuals responsible for programme/organisation	25,0%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0188
				Usually/Always	1,0000	0,0375
		i. Organisational or programme's poor performance made public	25,0%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0188
				Usually/Always	1,0000	0,0375
		k. More training provided to staff assigned to programme/organisation	25,0%	Never	0,0000	0,0000
				Rarely/Occasionally	0,5000	0,0188
				Usually/Always	1,0000	0,0375

## Appendix C – Detailed Performance Budgeting Index results.

	Municipalities						PCSW's						Provinces					Total	
	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	Antwerp	Flemish Brabant	Limburg	West Flanders		East Flanders
MEASUREMENT (100%)	32	31	32	25	37	35	38	32	35	41	34	48	41	78	25	25	25	53	
M1 - Sources of performance information (100%)	32	31	32	25	37	35	38	32	35	41	34	48	41	78	25	25	25	53	
N	149	34	40	24	25	26	150	26	37	23	30	34	5	1	1	1	1	1	304

### Results of the dimension 'measurement of PI'.

	Municipalities						PCSW's						Provinces					Total	
	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	Antwerp	Flemish Brabant	Limburg	West Flanders		East Flanders
INCORPORATION (100%)	37	35	36	31	38	46	40	31	39	39	37	51	51	67	38	49	48	53	
I1 - Tools and guidelines used in the budgeting process (25%)	6.1	5.3	5.3	5.6	5.9	9.1	4.8	3.4	4.5	5.6	3.9	6.6	11	11	8,3	14	11	8,3	
I2 - Actors' role in defining performance policy objectives (12.5%)	4.3	3.7	4.3	3.0	4.5	6.1	4.9	3.2	4.8	4.4	4.3	7.4	7,7	10	5,9	8,3	5,6	8,3	
I3 - Actors' role in developing guidel. for use of pol. obj./PI (12.5%)	3.3	2.9	3.3	2.6	3.4	4.4	4.1	2.5	4.3	3.8	3.3	6.2	7,2	8	7,6	5,2	7,3	7,6	
I4 - Development of policy planning (25%)	10	9.6	10	8.4	10	11	12	9.6	12	12	12	14	14	19	7,8	16	14	14	
I5 - Extent in which perf. obj. are integrated into the budget (25%)	13	13	12	12	14	15	14	12	14	14	14	16	12	19	8,3	6,3	10	15	
N	149	34	40	24	25	26	150	26	37	23	30	34	5	1	1	1	1	1	304

### Results of the dimension 'incorporation of PI'.

	Municipalities						PCSW's						Provinces					Total	
	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	1-9999	10000-14999	15000-19999	20000-29999	>30000	Total %	Antwerp	Flemish Brabant	Limburg	West Flanders		East Flanders
USE (100%)	35	32	31	30	39	43	39	31	35	39	40	48	39	53	24	47	32	38	
U1 - Usage of PI in the budget preparation (12.5%)	5.3	5.6	4.8	4.6	5.8	6.1	6.2	5.2	5.6	6.5	6.3	7.3	5,9	11	2,1	5,2	4,7	6,3	
U2 - Usage of benchmarks (12.5%)	3.3	3.3	2.8	3.0	3.4	2.0	3.9	3.3	3.2	3.6	3.8	5.2	5,4	8,1	4,4	3,1	6,9	4,4	
U3 - Contribution of departments to the budget preparation (12.5%)	8.2	7.5	6.9	8.5	8.6	10	6.9	5.5	5.8	6.5	7.4	8.7	12	13	9,4	13	13	13	
U4 - Existence of interim reporting procedures (12.5%)	4.4	3.5	4.0	3.7	4.1	7.0	5.0	2.7	3.4	5.0	6.9	7.0	4,4	13	0,0	9,4	0,0	0,0	
U5 - Existence of policy evaluations (12.5%)	2.6	1.7	2.5	1.3	3.8	4.1	3.7	2.4	3.6	3.8	3.3	5.0	1,3	0,0	0,0	0,0	0,0	6,3	
U6 - Allocation conditional upon whether obj. are met (12.5%)	1.6	1.7	1.1	1.0	2.8	1.9	2.1	2.4	1.9	2.1	2.1	2.0	0,0	0,0	0,0	0,0	0,0	0,0	
U7 - Consequences of poor performances (12.5%)	3.5	3.6	2.8	2.8	4.8	3.7	4.7	4.0	5.2	4.5	4.2	5.3	4,2	4,2	0,0	8,3	4,2	4,2	
U8 - Consequences of good performances (12.5%)	5.7	5.4	5.8	4.9	6.2	6.4	6.6	5.8	6.8	6.5	5.8	7.7	5,8	4,2	8,3	8,3	4,2	4,2	
N	149	34	40	24	25	26	150	26	37	23	30	34	5	1	1	1	1	1	304

### Results of the dimension 'use of PI'.